

COUNTY COUNCIL
OF
HARFORD COUNTY, MARYLAND

BILL NO. 03-21

Introduced by: Council President Wagner at the request of the County Executive

Legislative Day No. 03-11 Date: April 15, 2003

AN ORDINANCE to authorize and empower Harford County, Maryland to borrow, on its full faith and credit, and issue and sell its bonds or other form of indebtedness therefor, in an amount not to exceed Two Million Five Hundred Fifty Five Thousand Dollars (\$2,555,000) principal amount, the proceeds thereof to be used for the expansion, reconstruction, rehabilitation, renovation and improvement of certain water and sewer system projects as described in the Annual Budget and Appropriation Ordinance, as amended, Bill No. 03-16, for the year ending June 30, 2004 and as described in this Bill (collectively the "Projects") in accordance with Section 524 of the Charter of Harford County ("Charter") and Section 123-40 and 256-26 of the Code of Harford County ("Code") or as otherwise permitted by law; authorizing the County

By the Council, April 15, 2003

Introduced, read first time, ordered posted and public hearing scheduled

on: May 20, 2003

at: 6:15 p.m.

By Order: Mary Kate Herbig, Acting Council Administrator

PUBLIC HEARING

Having been posted and notice of time and place of hearing and title of Bill having been published according to the Charter, a public hearing was held on May 20, 2003, and concluded on

Mary Kate Herbig, Acting Council Administrator

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW. [BRACKETS] indicate matter deleted from existing law. Underlining indicates language added to Bill by amendment. Language lined through indicates matter stricken out of Bill by amendment.

COUNTY COUNCIL
OF
HARFORD COUNTY, MARYLAND

BILL NO. 03-21

Introduced by: Council President Wagner at the request of the County Executive

Legislative Session Day No. 03-11 Date: April 15, 2003

Council of Harford County, Maryland to adopt an administrative resolution that shall provide for the form of instrument by which any indebtedness or financing obligation is to be evidenced, the manner by which any indebtedness, line of credit, financing lease or similar obligation may be secured and the rate(s) of interest to be paid, and generally for such other matters as may be deemed appropriate by the County Council of Harford County, Maryland in connection therewith and authorizing the County Executive of Harford County, Maryland by Executive Order, to determine the form of various documents as are necessary to implement the financing authorized herein, the manner of issuance and delivery of any evidences of indebtedness, the payment of all necessary expenses in connection therewith, the method by which

By the Council, April 15, 2003

Introduced, read first time, ordered posted and public hearing scheduled

on: May 20, 2003

at: 6:15 p.m.

By Order: _____, Acting Council Administrator

PUBLIC HEARING

Having been posted and notice of time and place of hearing and title of Bill having been published according to the Charter, a public hearing was held on May 20, 2003, and concluded on May 20, 2003

_____, Acting Council Administrator

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW. [BRACKETS] indicate matter deleted from existing law. Underlining indicates language added to Bill by amendment. Language lined through indicates matter stricken out of Bill by amendment.

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such evidences of indebtedness shall be sold, maturity schedule, and redemption provisions; authorizing the appointment of certain agents; and otherwise generally relating to the issuance, sale, delivery and payment of any such evidences of indebtedness or financing obligations; providing that such indebtedness shall be issued upon the full faith and credit of Harford County, Maryland; providing for the issuance of bond anticipation notes upon passage of a resolution by the County Council of Harford County, Maryland approving the interest rate or rates on said bond anticipation notes for all or a portion of the projects described herein, for which the proceeds of sale of the bond anticipation notes shall be used; providing that after the issuance of the bond anticipation notes (or other form of indebtedness), or any renewal thereof, the County Council of Harford County, Maryland shall authorize the issuance of bonds to pay said bond anticipation notes (or other form of indebtedness);

By the Council, April 15, 2003

Introduced, read first time, ordered posted and public hearing scheduled

on: May 20, 2003

at: 6:15 p.m.

By Order: _____, Acting Council Administrator

PUBLIC HEARING

Having been posted and notice of time and place of hearing and title of Bill having been published according to the Charter, a public hearing was held on May 20, 2003, and concluded on May 20, 2003.

_____, Acting Council Administrator

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW. [BRACKETS] indicate matter deleted from existing law. Underlining indicates language added to Bill by amendment. Language lined through indicates matter stricken out of Bill by amendment.

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providing that upon written recommendation of the County Executive and resolution of the County Council of Harford County, Maryland, all or a portion of the indebtedness authorized herein may be incurred pursuant to loans or evidence of indebtedness with the Maryland Water Quality Financing Administration ("Administration"); providing for disbursement of the proceeds of the sale of such bonds and for the levying of charges, assessments and all taxes necessary to provide payment of the of the principal and interest on such bonds; providing that certain additional matters may be determined by resolution of the County Council of Harford County, Maryland or may be reserved unto the County Executive as prescribed by such resolution; providing the method of fixing the interest rates to be borne by such bonds and generally providing for and determining various matters in connection therewith; and generally relating to funding of certain capital projects.

By the Council, April 15, 2003

Introduced, read first time, ordered posted and public hearing scheduled

on: May 20, 2003

at: 6:15 p.m.

By Order: _____, Acting Council Administrator

PUBLIC HEARING

Having been posted and notice of time and place of hearing and title of Bill having been published according to the Charter, a public hearing was held on May 20, 2003, and concluded on May 20, 2003.

_____, Acting Council Administrator

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW. [BRACKETS] indicate matter deleted from existing law. Underlining indicates language added to Bill by amendment. Language lined through indicates matter stricken out of Bill by amendment.

1 WHEREAS, in accordance with the provisions of Section 406 of the Charter of Harford
2 County, the Director of Planning has heretofore transmitted to the County Executive the
3 recommendations of the Planning and Advisory Board for certain Capital Improvements; and

4 WHEREAS, in accordance with the provisions of Section 505 of the Charter of Harford
5 County, the County Executive has reviewed such recommendations in light of the existing capital
6 programs and the County Executive and the Director of Administration have included such
7 recommendations for capital improvements, as amended, in the proposed Capital Program which has
8 been submitted to the County Council of Harford County, Maryland and the County Council of
9 Harford County, Maryland has adopted a Capital Program and Capital Budget for the year ending
10 June 30, 2004, pursuant to Bill No. 03-16, As Amended; and

11 WHEREAS, upon request of the County Executive and Resolution of the County Council of
12 Harford County, Maryland, Harford County may sell bond anticipation notes in an amount not
13 greater than the amount of bonds authorized herein, in anticipation of the subsequent sale of the
14 bonds, for all or a portion of the cost of the projects described herein in accordance with the
15 provisions of Article 31, Section 12 of the Annotated Code of Maryland (2001 Replacement
16 Volume, 2002 Supplement); and

17 WHEREAS, as a part of the said Capital Program and the said Capital Budget, it is necessary
18 that Harford County, Maryland, borrow a sum not exceeding Two Million Five Hundred Fifty Five
19 Thousand Dollars (\$2,555,000) to be used to finance the cost of the acquisition, construction,
20 reconstruction, improvement, extension, site acquisition, architectural and engineering services, and
21 furnishings and equipment for the Projects, including financial, legal and planning expenses related
22 thereto; and

1 WHEREAS, the County Council of Harford County, Maryland has authority to incur debts
2 on behalf of Harford County, Maryland; and

3 WHEREAS, the County Council of Harford County, Maryland is hereby authorized to enact
4 an Ordinance adopted in accordance with Section 524 of the Charter of Harford County and other
5 applicable provisions of law providing for the issuance and sale and for the designation, form, tenor,
6 denomination, maturities, and the interest rates payable on any bonds or other form of indebtedness
7 issued under this Ordinance; and to levy annually *ad valorem* taxes upon the assessable property
8 within the County sufficient, together with other taxes and other available funds, to provide for the
9 payment of the interest on and principal of any bonds so issued; and

10 WHEREAS, the proposed bond issue or other form of indebtedness is within the legal
11 limitation on the indebtedness of Harford County, Maryland; and

12 WHEREAS, it is necessary to provide funds for the construction, reconstruction,
13 improvement, extension, acquisition, alteration, repair and modernization, the cost of acquiring any
14 sites, making site improvements, architectural and engineering services, including preparation of
15 plans, drawings and specifications, the development of the grounds and landscaping thereof,
16 financial, legal and planning expenses and all customary appurtenances and equipment for the
17 Projects; and

18 WHEREAS, after written recommendation of the County Executive, public hearing and
19 affirmative vote of at least four (4) members of the County Council of Harford County, Maryland,
20 the capital budget authorizing the Projects has been amended and adopted; and

21 WHEREAS, the financing or indebtedness herein authorized, including the aggregate
22 principal amount of bonds or other indebtedness in an amount not to exceed Two Million Five
23 Hundred Fifty Five Thousand Dollars (\$2,555,000), and interest rate(s), shall be evidenced and

incurred pursuant to a resolution or resolutions ("Resolution") to be adopted by the County Council of Harford County, Maryland upon written recommendation of the County Executive, pursuant to this Ordinance and other terms of sale, including, but not limited to, maturity schedule, redemption provisions, form of bond and date of sale shall be determined by the County Executive of Harford County, Maryland, by Executive Order; and

WHEREAS, as an alternative to the indebtedness authorized herein, Harford County, Maryland may incur all or a portion of such indebtedness with the Administration.

NOW, THEREFORE, IN ACCORDANCE WITH THE PROVISIONS OF THE CHARTER, THE CODE AND THE LAWS OF THE STATE OF MARYLAND:

SECTION 1. Be it enacted by the County Council of Harford County, Maryland that, acting pursuant to the authority of the Charter, the Code and the laws of the State of Maryland, Harford County, Maryland (the "County") hereby authorizes and approves the incurring of debt or the payment of purchase price or rental installments for the purpose of financing a portion of the capital cost of capital equipment, improvements, extensions, modifications, alterations, or any combination thereof to the property of the County, including water and sewer systems in the County; together with the acquisition of all necessary property rights and equipment, and all related architectural, financial, legal, planning, design and engineering expenses associated with such capital equipment, improvements, extensions, modifications or alterations including:

| <u>Project</u> | <u>Amount to be Borrowed</u> |
|---|------------------------------|
| Revenue and Billing Applications | \$75,000 |
| Bynum Run Parallel Phase 4 and 5 | \$1,800,000 |
| Foster Branch Pumping Station and Force Main | \$550,000 |
| Riverside Pump Station Force Main Replacement | <u>\$130,000</u> |
| Total Water & Sewer Bonds: | \$2,555,000 |

1 The principal amount of indebtedness to be incurred hereunder shall not exceed Two Million Five
2 Hundred Fifty Five Thousand Dollars (\$2,555,000).

3 SECTION 2. And be it further enacted by the County Council of Harford County, Maryland
4 that prior to the issuance, sale and delivery of any bonds, bond anticipation notes, notes, evidences of
5 indebtedness, line of credit, financing lease or installment purchase obligation in reliance on this
6 Ordinance, the County Council of Harford County, Maryland shall (without limitation) determine
7 administratively in the Resolution:

8 (a) the form of instruments or agreements by which the debt or financing
9 authorized herein shall be evidenced (including, but not limited to, bonds, bond anticipation notes,
10 notes (or other form of indebtedness), book entry, community participation bonds, letters of credit,
11 trust agreements, trust indentures, financing or installment purchase lease or similar financing
12 agreement, or participation in any "bond bank" or bond pooling arrangement administered by the
13 State of Maryland or a subsidiary entity of it);

14 (b) the manner, if any, by which any indebtedness or financing shall be secured
15 (including, but not limited to, a pledge of the revenues from the County's water and sewer system or
16 any other appropriate revenue stream, a letter or letters of credit, bond or other such insurance and a
17 pledge of the full faith and credit and unlimited taxing power of the County):

18 (c) the rate or rates of interest or method of determining such rate or rates; and

19 (d) whether the financing is to be accomplished by public sale, private
20 (negotiated) sale or by private placement.

21 The Resolution shall be deemed to be of an administrative nature and shall be effective upon
22 the date specified in the Resolution.

1 SECTION 3. And be it further enacted by the County Council of Harford County, Maryland
2 that the County Executive of Harford County, Maryland shall determine the following matters by
3 Executive Order:

4 (a) the principal amounts, date, denominations, maturity payment provisions and
5 prepayment, tender and/or redemption provisions (if any) and other terms and conditions thereof;

6 (b) the substantially final form and contents and consent to the distribution (and
7 shall authorize the execution and delivery, where applicable) of various agreements and documents
8 as are necessary to implement the financing authorized herein, including, but not limited to, a
9 Preliminary Official Statement and/or an Official Statement, and in the event any evidence of
10 indebtedness is sold through competitive bidding, a Notice of Sale, and in the event any evidence of
11 indebtedness is sold by private (negotiated) sale, a Purchase Contract with the Underwriter(s)
12 thereof, and if any indebtedness is issued in book entry form, securities depository agreements,
13 (collectively the "Documents"), required for the issuance, sale and delivery of any evidence of
14 indebtedness or the completion of the financing authorized herein, which Documents shall contain
15 such provisions as may be required by law or to consummate the financing authorized herein;

16 (c) the manner in which any evidence of indebtedness, lease financing or
17 installment purchase obligation shall be executed, sealed and attested (which may be by facsimile
18 signature and/or seal);

19 (d) provision for the payment of all necessary expenses of preparing, printing and
20 selling any evidence of indebtedness and the Documents including, without limitation, any and all
21 costs, fees and expenses incurred by or on behalf of the County in connection with the authorization,
22 issuance, sale and delivery of any bonds or notes, and all costs incurred in connection with the
23 development of the Documents, including the fees of counsel to the County, and compensation to

1 any persons (other than full-time employees of the County) or entities performing services for or on
2 behalf of the County in connection therewith and in connection with all other transactions
3 contemplated by this Ordinance regardless of whether the proposed financing is consummated;

4 (e) the name or designation of the indebtedness, provided that unless otherwise
5 designated, the indebtedness shall be known as Harford County Water and Sewer Bonds of 2003;

6 (f) such other matters in connection with the consummation of the financing
7 transactions contemplated by this Ordinance as may be deemed appropriate by the County Executive
8 of Harford County, Maryland, including (without limitation) the appointment of agents (including,
9 but not limited to, trustees, paying agents, indexing agents and/or registrars) in connection with the
10 financing, the execution, acknowledgment, sealing and delivery of such other and further
11 agreements, documents and instruments, and the authorization of the officials of the County to take
12 any and all actions, as are or may be necessary or appropriate to consummate the transactions
13 contemplated by this Ordinance in accordance with the terms hereof and of the Resolution.

14 The Executive Order shall be effective upon the date specified in the Executive Order.

15 SECTION 4. And be it further enacted by the County Council of Harford County, Maryland
16 that authority is hereby conferred respectively on the County Executive of Harford County,
17 Maryland (the "County Executive"), the Director of Administration, the Treasurer, the County
18 Attorney and the Council Administrator of the County Council of Harford County, Maryland, or any
19 of them, and they are hereby directed to take the following actions on behalf of the County:

20 (a) to execute, acknowledge, seal and deliver the Documents substantially in the
21 forms determined administratively by the County Council of Harford County, Maryland in the
22 Resolution; and

1 (b) to execute, acknowledge, seal and deliver such other and further certificates,
2 certifications, agreements, documents and instruments and take such other acts as they or any one or
3 more of them may deem necessary or appropriate to consummate the transactions contemplated by
4 this Ordinance in accordance with the provisions hereof and of the Resolution.

5 SECTION 5. And be it further enacted by the County Council of Harford County, Maryland
6 that the Treasurer, or his authorized deputy, is hereby authorized and empowered to prepare and
7 distribute copies of the Documents to any person who may, in his judgment, be interested in
8 participating in the financing of the Projects or who may request the same or information with
9 respect thereto; provided, however, that any preliminary official statement and related material shall
10 be clearly marked to indicate that they are subject to completion and amendment.

11 SECTION 6. And be it further enacted by the County Council of Harford County, Maryland
12 that the County intends to provide funds for payment of principal of, premium (if any) and interest
13 on the bonds, or other indebtedness, from certain funds related to operation of the water and sewer
14 systems of the County. These funds include area connection charges, special assessments, user
15 surcharges, system development fees, certain depreciation reserves relating to depreciation of the
16 water and sewer systems, a portion of the recordation tax received by the County as provided in
17 Resolution No. 21-82 adopted by the County Council of Harford County, Maryland on May 11,
18 1982 and earnings on the above-described funds.

19 To the extent any of the above-described funds is specifically designated for payment of debt
20 service on bonds, or other indebtedness, issued to acquire or construct improvements to the water
21 and sewer systems of the County, by the legislation establishing the tax, assessment, surcharge or
22 other source of revenue so designated, and so long as such tax, assessment, surcharge or other
23 revenue source remains so designated and levied by the County, the County hereby covenants to

1 apply all such designated revenues to payments of debt service on bonds or other indebtedness issued
2 to acquire or construct improvements to the water and sewer systems of the County, including the
3 bonds or other indebtedness.

4 In the event that the funds described in this Section 6 (whether or not designated for water
5 and sewage system bond debt service) fail to provide sufficient funds at any time while any of the
6 bonds or other indebtedness are outstanding for the purpose of paying principal of, premium (if any)
7 and interest on the bonds or other indebtedness, when due and payable, the County hereby covenants
8 and agrees, with each of the holders, from time to time, of any of the bonds or other indebtedness,
9 that it shall promptly cause to be levied against all assessable property within the County annually,
10 so long as any of the bonds or other indebtedness are outstanding and not paid, an *ad valorem* tax
11 sufficient in rate and amount to provide for payment of such principal of, premium (if any) and
12 interest on the bonds or other indebtedness when due. Such tax shall be levied in accordance with
13 the Charter. The County, by the passage of this Ordinance, hereby covenants and agrees properly
14 and promptly to perform all of the respective acts and duties defined in the Charter for the levy and
15 collection of the aforesaid *ad valorem* tax upon all the assessable property within the corporate limits
16 of the County, as the levy and collection of such a tax becomes necessary in order to provide for the
17 payment of principal of, premium (if any) and interest on the bonds or other indebtedness.

18 SECTION 7. And be it further enacted by the County Council of Harford County, Maryland
19 that if the County Council of Harford County, Maryland determines in the Resolution that it is in the
20 best interests of the County to sell any evidence of indebtedness or lease financing or installment
21 purchase obligation by private (negotiated) sale, the County Council of Harford County, Maryland
22 hereby authorizes (a) the appointment of an underwriter (the "Underwriter") in connection with the
23 sale thereof, and (b) the payment by the County to the Underwriter out of the proceeds of the sale

1 thereof or otherwise for services rendered in connection therewith, such compensation to be
2 determined in the Resolution.

3 SECTION 8. And be it further enacted by the County Council of Harford County, Maryland
4 that the County Executive is hereby authorized and empowered for and on behalf of the County (a)
5 to cause the preparation, printing, execution and delivery of the Documents, each substantially in the
6 form provided in the Resolution or in the Executive Order of the County Executive, with such
7 modifications, supplements or amendments thereto as may be recommended by counsel; and (b) to
8 do all such things as may be necessary or desirable in the opinion of the County Executive in
9 connection therewith.

10 SECTION 9. And be it further enacted by the County Council of Harford County, Maryland
11 that nothing herein contained shall authorize the expenditure of County funds until such time as such
12 expenditure shall have been appropriated by the County Council of Harford County, Maryland, and
13 this Ordinance shall not be construed as authorizing or approving any project not otherwise
14 authorized or approved by all appropriate legal authorization.

15 SECTION 10. And be it further enacted by the County Council of Harford County,
16 Maryland that unless changed by the Resolution or the Executive Order, if the indebtedness herein
17 authorized is represented by bonds: (a) the bonds shall be issued pursuant to the authority of this
18 Ordinance and shall be dated February 1, 2004; (b) the bonds shall be issued in the denominations of
19 Five Thousand Dollars (\$5,000) or any integral multiple thereof, and shall be numbered from one (1)
20 consecutively upward in the order of their maturities. The bonds shall mature over a period not to
21 exceed twenty (20) years from their date in twenty (20) annual serial installments beginning in the
22 year 2004 and ending in the year 2024. The bonds shall mature on February 1 in each of said years
23 as follows: Fifteen Thousand Dollars (\$15,000) in each of the years 2005 through 2009, inclusive;

1 Fifty Five Thousand Dollars (\$55,000) in each of the years 2010 through 2019, inclusive; Three
2 Hundred Eighty Five Thousand Dollars (\$385,000) in each of the years 2020 through 2023,
3 inclusive; and Three Hundred Ninety Thousand Dollars (\$390,000) in 2024. The term and maturity
4 schedule of the bonds or other indebtedness may be changed, increased or decreased upon Executive
5 Order of the County Executive, but the aggregate principal amount of indebtedness to be incurred
6 shall not exceed Two Million Five Hundred Fifty Five Thousand Dollars (\$2,555,000).

7 SECTION 11. Be it further enacted by the County Council of Harford County, Maryland
8 that if the indebtedness herein authorized is represented by bonds, the bonds shall bear interest at the
9 rate or rates named by the successful bidder for the bonds in accordance with the Notice of Sale
10 hereinafter set forth, as may hereafter be amended, upon written recommendation of the County
11 Executive, by administrative resolution of the County Council of Harford County, Maryland, and
12 said interest shall be payable semiannually on the first days of August and February in each of the
13 years that the bonds are outstanding. Interest on the bonds will be payable by check or draft of the
14 Paying Agent mailed to the registered owners thereof. The bonds, when issued, shall be executed in
15 the name of Harford County, Maryland, by the facsimile signature of the County Executive, and a
16 facsimile of the corporate seal of the County shall be imprinted on each of the bonds attested by the
17 facsimile signature of the Director of Administration of Harford County and the manual signature of
18 an authorized officer of the Bond Registrar. The facsimiles of said signatures and said seal shall be
19 engraved, printed or lithographed on each of the bonds in accordance with, and pursuant to the
20 authority of Sections 2-301 through 2-306 inclusive of the State Finance and Procurement Article of
21 the Annotated Code of Maryland (2001 Replacement Volume). If the indebtedness is represented by
22 bonds, the bonds shall be subject to registration as to principal and interest, in the name or names of
23 the owner or owners thereof on books kept for that purpose at the principal office of the Bond

1 Registrar and the principal of the bonds shall be payable upon presentation and surrender thereof at
2 the principal office of the Paying Agent or the ownership of the indebtedness may, pursuant to
3 Executive Order of the County Executive, be maintained by a book entry system. The Bond
4 Registrar and Bond Paying Agent shall be determined by Executive Order of the County Executive.
5 Payment of interest on the bonds shall be made by the Paying Agent on each payment date, to each
6 person appearing on the registration books of the County, maintained by the Bond Registrar, as the
7 registered owner thereof, by check or draft mailed to each such registered owner at his or her address
8 as it appears on such registration books. There shall be printed on each bond the text of the
9 approving legal opinion of bond counsel with respect to the bonds. Except as provided hereinafter or
10 in an Executive Order of the County Executive prior to the issuance of the bonds, if the indebtedness
11 authorized herein is represented by bonds, the bonds shall be in substantially the following form,
12 which form, together with all covenants and conditions therein contained, is hereby adopted by the
13 County Council of Harford County, Maryland as and for the form of obligation to be incurred by
14 Harford County, and said covenants and conditions, including the promise to pay therein contained,
15 are hereby made binding upon the County, in accordance with the endorsement on said bonds:

16 UNITED STATES OF AMERICA

17 STATE OF MARYLAND

18
19 HARFORD COUNTY, MARYLAND

20 HARFORD COUNTY WATER AND SEWER BONDS OF 2003

21 No.

No.

22 Registered Owner:

23 \$5,000

\$5,000

(Dated February 1, 2004)

HARFORD COUNTY, MARYLAND, a body politic and corporate, organized and existing under the Constitution and laws of the State of Maryland, hereby acknowledges itself indebted and, for value received, promises to pay to the registered owner or registered assignees of this bond, the principal sum of FIVE THOUSAND DOLLARS (\$5,000)

on _____,

upon presentation and surrender of this bond and to pay interest thereon, from the date of this bond at the rate of _____ percent (____%) per annum until payment of said principal sum, such interest to the maturity hereof being payable on August 1, 2004, and semiannually thereafter on the first days of February and August in each year by check or draft of the Paying Agent (hereinafter described) mailed to the registered owners of record as interest becomes due and payable.

Both the principal of and interest on this bond will be paid in lawful money of the United States of America, at the time of payment, at the principal office of _____, Baltimore, Maryland ("Paying Agent").

This bond shall be registered in the name of the owner on the registration books kept for that purpose at the principal office of _____, Baltimore, Maryland ("Bond Registrar"), and such registration shall be noted on the back of this bond, after which no transfer hereof shall be valid unless made on the said registration books by the registered owner hereof in person or by his duly authorized attorney, and similarly noted on this bond. The County, Bond Registrar and Paying Agent may deem and treat the person in whose name this bond is registered as the absolute owner hereof for all purposes. This bond, upon surrender hereof at the principal office of the Bond Registrar with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the registered owner hereof, or his (her) duly authorized attorney, may, at the option of the registered

1 owner hereof, be exchanged for an equal aggregate principal amount of bonds of authorized
2 denominations and of the same form and tenor as this bond. For every such exchange or transfer of
3 bonds, the County or the Bond Registrar shall make a charge for any tax or other governmental
4 charge required to be paid with respect to such exchange or transfer. Such charge shall be paid by
5 the registered owner requesting such exchange or transfer as a condition precedent to the exercise of
6 such privilege. The Bond Registrar shall not be obligated to make any such exchange or transfer of
7 bonds during the fifteen (15) days next preceding an interest payment date on the bonds, or in case of
8 any proposed redemption of bonds, during the fifteen (15) days next preceding the date of the
9 publication of notice of such redemption. The Bond Registrar shall not be required to make any
10 transfer or exchange of any bonds called for redemption.

11 This bond is one of a duly authorized issue or series of bonds aggregating Two Million Five
12 Hundred Fifty Five Thousand Dollars (\$2,555,000) in principal amount, which are of the
13 denomination of Five Thousand Dollars (\$5,000) or integral multiples thereof. These bonds mature
14 serially in installments on the first day of February in each of the years 2005 to 2024, inclusive, as
15 follows: Fifteen Thousand Dollars (\$15,000) in each of the years 2005 through 2009, inclusive; Fifty
16 Five Thousand Dollars (\$55,000) in each of the years 2010 through 2019, inclusive; Three Hundred
17 Eighty Five Thousand Dollars (\$385,000) in each of the years 2020 through 2023, inclusive; and
18 Three Hundred Ninety Thousand Dollars (\$390,000) in 2024. These bonds are numbered from one
19 (1) consecutively upwards in the order of their maturities, are of like tenor except as to maturity,
20 number and interest rate, are issued pursuant to and in full conformity with the provisions of the
21 Charter of Harford County, as amended, and by virtue of due proceedings had and taken by the
22 County Council of Harford County, Maryland particularly an Ordinance enacted on _____,
23 2003, entitled Bill No. 03-21 and a Resolution adopted on _____.

The full faith and credit and unlimited taxing power of Harford County, Maryland, is pledged to the punctual payment of the principal of and interest on this bond according to its terms, and said County covenants and agrees punctually to pay the principal of this bond and the interest thereon, at the dates and in the manner mentioned herein.

The bonds of the issue which mature on or before _____, are not subject to redemption prior to their maturities. The bonds which mature on or after _____, shall be subject to redemption as a whole at any time or in part on any interest payment date, and in any order of maturity, at the option of the County on _____, or on any redemption date thereafter upon notice of call for redemption given to the registered owner thereof as shown on the books of the Bond Registrar, or by publication at least thirty (30) days prior to the date of redemption in a newspaper published and circulating in Harford County and in the City of Baltimore, Maryland, and also in a financial newspaper published and circulating in the City of New York, New York, at a redemption price, expressed as a percentage of the principal amount of the bonds to be redeemed, set forth in the table below, together with interest accrued to the date fixed for redemption.

Date of Redemption

Optional Redemption Price

If less than all of the bonds of any one maturity shall be called for redemption, the particular bonds to be redeemed shall be selected by lot by _____, _____, _____, Paying Agent.

No covenant or agreement contained in this bond shall be deemed to be a covenant or agreement of any officer, agent or employee of the County in his or her individual capacity and

1 neither the members of the County Council of Harford County, Maryland nor any official executing
2 this bond shall be liable personally on this bond or be subject to any personal liability or
3 accountability by reason of the issuance of this bond.

4 It is hereby certified and recited that each and every act, condition and thing required to exist,
5 to be done, to have happened and to be performed precedent to and in the issuance of this bond, does
6 exist, has been done, has happened and has been performed in full and strict compliance with the
7 Constitution and laws of the State of Maryland, the Charter and Code of Harford County and the
8 Ordinance and Resolution above referred to, and that the issue of bonds of which this is one, together
9 with all other indebtedness of Harford County, Maryland, is within every debt and other limit
10 prescribed by the Constitution and laws of said State and the Charter and Code of Harford County,
11 and that due provision has been made for the levy and collection, if and when necessary, of an annual
12 *ad valorem* tax or taxes upon all the legally assessable property within the corporate limits of
13 Harford County, Maryland, as prescribed by law, in rate and amount sufficient to provide for the
14 payment, when due, of the interest on and the principal of this bond.

15 IN WITNESS WHEREOF Harford County, Maryland, has caused this bond to be executed in
16 its name by the facsimile signature of the County Executive, which signature has been imprinted
17 thereon, and has also caused a facsimile of its corporate seal to be imprinted hereon, attested by the
18 facsimile signature of the Director of Administration, and the manual signature of an authorized
19 officer of the Bond Registrar, all as of the _____ day of _____, 2003.

20 ATTEST:

HARFORD COUNTY, MARYLAND

21
22 _____
23 Director of Administration

By: _____
County Executive

CERTIFICATE OF AUTHENTICATION

This bond is one of the registered bonds of Harford County, Maryland Water and Sewer
Bonds of 2003.

Authorized Officer

1 (Form of Registration)

2

3 (No writing hereon except by an officer of _____, Baltimore, Maryland, Bond
4 Registrar.)

| 5 | <u>Date of Registry</u> | <u>Name of Registered Holder</u> | <u>Registered By</u> |
|---|-------------------------|----------------------------------|----------------------|
| 6 | _____ | _____ | _____ |
| 7 | _____ | _____ | _____ |
| 8 | _____ | _____ | _____ |

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(please insert name and address of the assignee)

(Tax Identification or Social Security No. _____)

the within bond, and hereby irrevocably constitutes and appoints

attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Date:

Signature guaranteed:

NOTICE: Signature must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatever.

1 SECTION 12. Be it further enacted by the County Council of Harford County, Maryland
2 that if the indebtedness herein authorized is represented by bonds, the bonds shall be sold by bids in
3 sealed proposals or electronic bid form to the bidder therefor for cash whose bid is deemed to be for
4 the best interest of the County, after giving at least ten (10) days' public notice by advertisement
5 inserted twice in one or more daily or weekly newspapers having a general circulation in the County,
6 said sale to be held not sooner than ten (10) days following the first insertion of said advertisement.
7 Said advertisement or a summary thereof shall also be published in "The Bond Buyer", a financial
8 journal published in the City of New York and in electronic form. The Award of the Bonds, if made,
9 shall be approved by resolution of the County Council of Harford County, Maryland after written
10 recommendation of the County Executive, to the bidder offering the lowest interest cost determined
11 in accordance with the true interest cost method (TIC). The sale of the bonds, unless changed by
12 Executive Order of the County Executive, shall be held on January 15, 2004, at the office of the
13 Treasurer of Harford County, Maryland, located at 220 South Main Street, Bel Air, Maryland, at
14 10:00 o'clock A.M., E.S.T. or E.D.T. (whichever time may then be in effect), or on such other date
15 and at such other time and location as may be provided by Executive Order of the County Executive.

16 SECTION 13. Be it further enacted by the County Council of Harford County, Maryland
17 that the official Notice of Sale shall be in substantially the form hereinafter set forth and the terms,
18 provisions and conditions set forth in said form of Notice of Sale are hereby adopted and approved as
19 the terms, provisions and conditions under which and the manner in which the bonds shall be sold,
20 issued and delivered at public sale. The official Notice of Sale, upon resolution of the County
21 Council of Harford County, Maryland, may be consolidated with the Official Notice of Sale for other
22 bonds to be sold by the County at the same time. The official Notice of Sale may be published in
23 summary form in The Bond Buyer and other financial publications approved by the County

- 1 Executive and/or in electronic form. The official Notice of Sale for the bonds shall be in
- 2 substantially the following form (unless changed by Executive Order of the County Executive
- 3 adopted prior to the sale of the bonds):

NOTICE OF SALE

\$2,555,000

HARFORD COUNTY, MARYLAND

WATER AND SEWER BONDS

Series 2004

(Book-Entry Only)

NOTICE IS HEREBY GIVEN that sealed and electronic (as explained below) bids will be received by the Treasurer, Harford County, Maryland (the "County") at the offices of Miles & Stockbridge P.C. until 10:00 a.m. local Baltimore, Maryland time on January 15, 2004 for the purchase of all (but not less than all) of the County's \$2,555,000 Harford County, Maryland Water and Sewer Bonds, Series 2003 (the "Bonds"). The bids will be received up to the time (unless postponed as described herein) and in the manner described below:

DATE AND TIME

Wednesday, January 15, 2004, 10:00 a.m. Eastern Standard Time (EST). For the purposes of both the sealed bid and the electronic bid, the time maintained by DALCOMP/PARITY shall constitute the official time.

FOR SEALED BIDS

Deliver by hand to the Treasurer, Harford County, Maryland, c/o Miles & Stockbridge P.C., 8th Floor (Conference Room 2), 10 Light Street, Baltimore Maryland 21202-1487, telephone 410-727-6464 (extension 3082). Bids should be delivered in a sealed envelope addressed to the attention of Treasurer, Harford County, Maryland and clearly marked "Proposal for Harford County Water and Sewer Bonds, Series 2003". See instructions under "Form of Bid; Sealed Envelopes" below.

FOR ELECTRONIC BIDS

Submit electronically via PARITY in accordance with its Rules of Participation and this Notice of Sale until 10:00 a.m., EST, but no bid will be received after the time for receiving bids specified above. Provisions in this Notice of Sale conflicting with those PARITY Rules of Participation shall control. In the event of a malfunction in the electronic bidding process, the bid time and/or date may be postponed at the option of the County. For further information about PARITY, potential bidders may contact:

who is acting as financial advisor to the County, or

PARITY at Dalcomp
395 Hudson Street, 3rd Floor
New York, New York 10014
Telephone: 212-806-8304

Right to Modify or Amend Notice of Sale; Right to Postpone Sale

The County reserves the right to modify or amend this Notice of Sale, including changing the scheduled maturities or increasing or reducing the aggregate principal amount of Bonds and the principal amount of any maturity offered for sale, prior to the bid date. If any modifications occur, supplemental information with respect to the Bonds will be communicated via TM3 News Service (www.tm3.com) not later than 5:00 p.m., Baltimore, Maryland time, on the day preceding the last day on which proposals may be submitted, and bidders shall bid upon the Bonds based upon the terms thereof set forth in this Notice of Sale, as so modified by such supplemental information.

In addition, the County reserves the right to postpone the date established for the receipt of bids. In the event of a postponement, the new date and time of sale and any revised date of expected delivery will be announced via TM3 News Service not later than 9:00 a.m., Baltimore, Maryland time, on the day on which proposals may be submitted. On any such alternative sale date, bidders may submit sealed bids for the purchase of the Bonds in conformity with the provisions of this Notice of Sale, except for the changed date and time of sale and any revised date of delivery.

Authorization

The Bonds will be issued by the County pursuant to Bill No. 03-21 adopted by the County Council of the County on _____, _____, effective _____, _____ (the "Ordinance") and Resolution No. _____ adopted on _____, 2003. The proceeds of the Bonds will be used primarily to finance the costs of the acquisition, renovation or new construction and equipping of certain capital projects described in the Ordinance.

The Bonds, and payment of the principal and interest thereon, will be the unconditional general obligation of the County and will constitute an irrevocable pledge of the full faith and credit and unlimited taxing power of the County.

Procedures for Sale

As promptly as reasonably practicable after the bids are opened, the County will notify the bidder to whom the Bonds will be awarded, if and when such award is made, and such bidder, upon such notice, shall advise the County of the initial reoffering prices to the public of each maturity of the Bonds (the "Initial Reoffering Prices"). The successful bidder shall pay the Aggregate Principal Amount of the Bonds plus the premium, plus accrued interest to the date of delivery. ALL BIDS

1 SHALL REMAIN FIRM UNTIL 3:00 P.M. LOCAL BALTIMORE, MARYLAND TIME ON THE
2 DATE OF SALE. An award of the Bonds pursuant to this Notice of Sale, if made, will be made by
3
4
5

6 resolution of the County Council of Harford County, Maryland at or before 3:00 p.m. local
7 Baltimore, Maryland time on the date of sale.
8

9 **Price and Interest Rate Bid**

10
11 Each bidder shall submit one bid, not less than par, on an "all-or-none" basis. Each bid must
12 specify the rate or rates of interest to be paid on the Bonds, in multiples of one-eighth (1/8) or one-
13 twentieth (1/20) of one percent (1%). Bidders may specify more than one rate of interest to be borne
14 by the Bonds, but all Bonds maturing on the same date must bear interest at the same rate; and the
15 difference between the maximum and minimum interest rates specified may not exceed two percent
16 (2%). A zero rate cannot be named for any maturity.
17

18 **Bid Check or Surety Bond**

19
20 Bids must be accompanied by a good faith deposit of a certified check upon, or a cashier's or
21 treasurer's check of a responsible banking institution, payable to Harford County, Maryland for
22 \$75,000, such payment to be security for compliance with the terms of the sale. No interest will be
23 allowed on any such security payment. The check of the successful bidder will be collected and the
24 proceeds thereof retained by the County to be applied in part payment for the Bonds, and no interest
25 will be allowed upon the amount thereof. IN THE EVENT THAT THE SUCCESSFUL BIDDER
26 SHALL FAIL TO COMPLY WITH THE TERMS OF THE BID, THE PROCEEDS OF SUCH
27 CHECK WILL BE RETAINED AS AND FOR FULL LIQUIDATED DAMAGES. THE CHECKS
28 OF THE UNSUCCESSFUL BIDDERS WILL BE RETURNED PROMPTLY AFTER THE
29 BONDS ARE AWARDED.
30

31 In lieu of submitting a check, a bidder may submit a financial surety bond from an insurance
32 company satisfactory to the County licensed to issue such bond in the State of Maryland, and such
33 bond must be submitted to the Treasurer, Harford County, Maryland, c/o Miles & Stockbridge P.C.,
34 10 Light Street, Baltimore, Maryland 21202-1487 prior to 10:00 a.m., E.S.T. on the date of sale. The
35 financial surety bond must identify each bidder whose good faith deposit is guaranteed by such
36 financial surety bond. If the bonds are awarded to a bidder utilizing a financial surety bond, then the
37 successful bidder is required to submit its good faith deposit to the Treasurer of the County in one of
38 the forms described in the preceding paragraphs not later than 3:30 p.m., E.S.T. on the next business
39 day following the award. If such good faith deposit is not received by that time, the financial surety
40 bond may be drawn by the County to satisfy the good faith deposit requirement.
41

42 **Award of Bonds and Public Offering**

43
44 The County will not consider and will reject any bid for the purchase of less than all of the
45 Bonds. THE RIGHT IS RESERVED TO REJECT ANY AND ALL BIDS. The award, if made,
46 will be made as promptly as possible after the bids are opened to the bidder offering the lowest

interest rate to the County. The lowest interest rate shall be determined in accordance with the true interest cost (TIC) method doubling the semiannual interest rate (compounded semiannually) necessary to discount the debt service payments from the payment dates to the date of the Bonds and to the price bid, excluding interest accrued to the date of delivery; provided, however, that if two or

more bidders have made bids, each of which represents the lowest true interest cost to the County, then the Bonds shall be awarded to the bidder offering the highest premium and, if the highest premium is offered by two or more such bidders or if no premium is bid by any such bidders, then the Bonds may be awarded, with their consent, in a ratable portion among such bidders, of the County, in its discretion, may award all of the Bonds to one bidder. The judgment of the County shall be final and binding upon all bidders with respect to the form and adequacy of any bid received and as to its conformity to the terms of this Notice of Sale. **THE SUCCESSFUL BIDDER SHALL MAKE A BONA FIDE PUBLIC OFFERING OF THE BONDS AT THE INITIAL REOFFERING PRICES AND SHALL PROVIDE THE RELATED CERTIFICATION DESCRIBED UNDER "CLOSING DOCUMENTS" BELOW.**

Legal Opinion

The issuance of the Bonds will be subject to delivery of the approving opinion of Miles & Stockbridge P.C., Baltimore, Maryland, which opinion shall be substantially in the form set forth as an exhibit to the Preliminary Official Statement referred to below. The opinion will be delivered upon request, without charge, to the successful bidder for the Bonds.

Official Statement

Not later than seven (7) business days after the award of the Bonds to the successful bidder on the day of sale, the County will deliver to the successful bidder an Official Statement, which is expected to be substantially in the form of the Preliminary Official Statement referred to below. If so requested by the purchaser or purchasers at or before the close of business on the date of the sale, the County will include in the Official Statement such pricing and other information with respect to the terms of the reoffering of the Bonds by the successful bidder ("Reoffering Information"), if any, as may be specified and furnished in writing by such bidder. If no Reoffering Information is specified and furnished by the successful bidder, the Official Statement will include the interest rates on the Bonds resulting from the bid of the successful bidder and the other statements with respect to reoffering contained in the Preliminary Official Statement. The successful bidder shall be responsible to the County and its officials for the Reoffering Information, and for all decisions made by such bidder with respect to the use or omission of the Reoffering Information in any reoffering of the Bonds, including the presentation or exclusion of any Reoffering Information in any documents, including the Official Statement. The successful bidder will also be furnished, without cost, with up to 100 copies of the Official Statement and any amendments or supplements thereto.

The Preliminary Official Statement of the County concerning the Bonds (the "Preliminary Official Statement") is in a form "deemed final" by the County for purposes of SEC Rule 15c2-12(b)(1) (the "Rule") but is subject to revision, amendment and completion in the final Official Statement.

The County will undertake to provide the successful bidder with further additional information to be included in such Official Statement, when in the opinion of the County or of Bond Counsel, such additional information constitutes a material change to such Official Statement. The County will take such steps as are necessary to arrange for amending and supplementing the Official Statement in connection with the disclosure of such additional information; provided, however, that the County shall have no obligation to provide such additional information after the date which is twenty-five (25) days after the "end of the underwriting period", as such term is defined in the Rule.

The County agrees, in order to assist bidders in complying with S.E.C. Rule 15c2-12(b)(5), pursuant to a continuing disclosure certificate (the "Continuing Disclosure Certificate") signed by the County Executive, Treasurer and Director of Administration, to provide annual reports and notices of certain events. The undertaking of the County in the Continuing Disclosure Certificate shall be set forth in any Preliminary Official Statement and Official Statement and any amendment or supplement thereto.

BIDDERS, BY SUBMITTING THEIR BIDS, AGREE TO PROVIDE THE COUNTY, SIMULTANEOUSLY WITH OR BEFORE DELIVERY OF THE BONDS, A CERTIFICATE ACCEPTABLE TO BOND COUNSEL TO THE COUNTY STATING (i) THE INITIAL REOFFERING PRICES, EXPRESSED AS A PERCENTAGE OF PAR, TO THE PUBLIC OF EACH MATURITY OF THE BONDS (THE "REOFFERING PRICES"), (ii) THAT THE SUCCESSFUL BIDDER HAS MADE A BONA FIDE PUBLIC OFFERING OF THE BONDS AT THE INITIAL REOFFERING PRICES; AND (iii) THAT A SUBSTANTIAL AMOUNT OF THE BONDS WAS SOLD TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AT SUCH INITIAL REOFFERING PRICES. Bond counsel advises that (i) such certificate must be made on the best knowledge, information and belief of the successful bidder, (ii) the sale to the public of 10% or more in part amount of the Bonds of each maturity at or below the Initial Reoffering Prices would be sufficient to certify as to the sale of a substantial amount of the Bonds, and (iii) reliance on other acts as a basis for such certification would require evaluation by Bond Counsel to assure compliance with the statutory requirements to avoid the establishment of an artificial price for the Bonds.

Book-Entry Only Form

The Bonds will be issued in book-entry-only form, registered in the name of Cede & Co., as partnership nominee of The Depository Trust Company, New York, New York ("DTC") and immobilized in its custody. Principal of and interest on the Bonds will be payable to DTC or its nominee as registered owners of the Bonds. Information concerning DTC and its book-entry system is included in the Preliminary Official Statement concerning the Bonds dated _____, 2003 (the "Preliminary Official Statement") and bidders should rely solely on that material.

Interest Payment Dates

1 The Bonds will be dated February 1, 2004 and will bear interest from that date payable on
2 _____, ____ and semiannually thereafter on each _____ and
3 _____ until maturity or redemption.
4

Maturity Schedule

The Bonds will mature on February 1 in each of the years 2004 through 2023, inclusive, as follows (the "Maturity Schedule"):

| | | | |
|------|-----------|------|-----------|
| 2005 | \$ 15,000 | 2015 | \$ 55,000 |
| 2006 | 15,000 | 2016 | 55,000 |
| 2007 | 15,000 | 2017 | 55,000 |
| 2008 | 15,000 | 2018 | 55,000 |
| 2009 | 15,000 | 2019 | 55,000 |
| 2010 | 55,000 | 2020 | 385,000 |
| 2011 | 55,000 | 2021 | 385,000 |
| 2012 | 55,000 | 2022 | 385,000 |
| 2013 | 55,000 | 2023 | 385,000 |
| 2014 | 55,000 | 2024 | 390,000 |

Optional Redemption

Bonds which mature on or before _____ are not subject to redemption prior to maturity. On and after _____, the Bonds with a stated maturity on or after _____ are subject to redemption at the option of the County in whole at any time or in part on any Interest Payment Date. Such redemption shall be at the following redemption prices (expressed as a percentage of the principal amount of such Bonds), plus accrued and unpaid interest to the date fixed for redemption:

| <u>Redemption Period</u> | <u>Redemption Price</u> |
|--------------------------|-------------------------|
| | _____ % |
| | _____ % |
| | _____ % |

Form of Bid; Sealed Envelopes; Electronic Bid

Each sealed bid must be on the Official Bid Form (or a copy thereof). Every bid must be unconditional and irrevocable and, together with the applicable good faith check or surety bond, must be enclosed in a sealed envelope addressed as set forth on page 1 of this Notice of Sale clearly marked "Proposal for Water and Sewer Bonds, Series 2003". In addition, bidders are requested to supply an estimate of the true interest cost resulting from their bid, computed as prescribed above under the caption "Award of Bonds and Public Offering", which shall be considered as informative only and not binding on either the bidder or the County. Each bid must be in accordance with the terms and conditions set forth herein.

Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of DALCOMP/PARITY, in accordance with the Rules of Participation and any other requirements of DALCOMP/PARITY. Prospective bidders must be contract customers of BiDCOMP in order to submit an electronic bid.

An electronic bid made through the facilities of DALCOMP/PARITY shall be deemed an offer, in response to the Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the County. The County shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, DALCOMP/PARITY, the use of such facilities being the sole risk of the prospective bidder.

List of Members of Account

Bidders are requested to list on the Official Bid Form the names of the members of the account on whose behalf the bid is made. The facilities of DALCOMP/PARITY currently do not allow the bidders to list the names of the members of the account on whose behalf the bid is made. Bidders who are submitting an electronic bid are requested to telecopy the names of the members of the account on whose behalf the bid is made to the County c/o Miles & Stockbridge P.C. (410-385-3700), Attention: _____.

Delivery

Delivery of the Bonds is expected to occur through the facilities of DTC in New York, New York on or about February 6, 2004. The successful bidder shall pay for the Bonds on the date of delivery in Baltimore, Maryland in **IMMEDIATELY AVAILABLE FEDERAL FUNDS BY 10:00 a.m., EDT**, on the closing date. Any expenses of providing immediately available funds shall be borne by the successful bidder. Payment on the delivery date shall be made in an amount equal to the price bid for the Bonds plus accrued interest from February 1, 2004, less the amount of the Good Faith Deposit.

CUSIP Numbers

It is anticipated that CUSIP numbers will be printed on the Bonds, but the County will assume no obligation for the assignment or printing of such numbers on the Bonds or for the correctness of such numbers, and neither the failure to print such numbers on the Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder of the Bonds to accept delivery or and make payment for the Bonds.

Closing Documents

The Bonds will be accompanied by the customary closing documents, including a no-litigation certificate, effective as of the date of delivery, stating that there is no litigation pending against the County affecting the validity of the Bonds and a Tax and No Arbitrage Certificate signed by the County Treasurer.

1 It shall be a condition to the obligation of the successful bidder to accept delivery of and pay
2 for the Bonds that, simultaneously with or before delivery and payment for the Bonds, such
3 successful bidder shall be furnished a certificate or certificates of the County Executive and
4 Treasurer to the effect that to the best of their knowledge and belief, the Official Statement (and any
5 amendment or supplement thereto) (except for the Reoffering Information, as to which no view will
6 be expressed) as of the date of sale and as of the date of delivery of the Bonds does not contain any
7 untrue statement of a material fact and does not omit to state a material fact necessary to make the
8 statements therein, in light of the circumstances under which they were made, not misleading and
9 that between the date of sale and the date of delivery of the Bonds there has been no material adverse
10 change in the financial position or revenues of the County, except as reflected or contemplated in the
11 Official Statement.
12

13 In the event that all or any part of the Bonds are initially reoffered with bond insurance
14 secured by the successful bidder, the successful bidder shall be required to notify immediately the
15 Treasurer of the County at the time of sale of such event and shall provide the Treasurer of the
16 County with any information he reasonably requests regarding such bond insurance, including the
17 amounts paid for such insurance and interest rates that the bonds would have borne should the bid
18 have occurred without bond insurance. The County will, at the request and expense of the successful
19 bidder, include customary language in the Official Statement and the form of bond regarding the
20 insurance policy upon receipt of such opinions or certificates as the County reasonably may request
21 regarding the accuracy of any information to be included in the Official Statement and the binding
22 nature of the obligations contained in the insurance policy with respect to the Bonds. The County
23 shall have no obligation to provide the successful bidder or the bond insurance company with any
24 other documents or opinions relating to the Bonds.
25

26 The Preliminary Official Statement, a full financial statement concerning the County, the
27 required form of proposal, and other data in reference thereto as may be desired will be supplied to
28 prospective bidders upon request made to James M. Jewell, Treasurer, 220 South Main Street, Bel
29 Air, Maryland 21014 (410-638-3314) or from the County's Financial Advisor, _____
30 _____.

31
32 Date:

33
34 HARFORD COUNTY, MARYLAND
35

36
37
38 By: _____
39 James M. Harkins
40 County Executive

1 SECTION 14. Be it further enacted by the County Council of Harford County, Maryland
2 that upon request of the County Executive, the County Council of Harford County, Maryland may, at
3 any time, prior to the sale of the bonds, by administrative resolution(s), determine whether the bonds
4 may be sold above or below par, whether bids may be accepted electronically or by facsimile, change
5 the projects to be constructed with the proceeds of sale of the bonds, and the County Executive, by
6 Executive Order may determine or change the Notice of Sale, date of sale, the date or location of bid
7 opening, the dates of maturity or redemption of the bonds, the amount of the bonds to be sold (but
8 not in excess of and the amounts of bonds maturing in each year, the interest payment dates of the
9 bonds, appoint paying agent(s) and/or registrar(s) for the bonds, whether ownership of the bonds or
10 other indebtedness shall be maintained in book entry form, and the terms of sale of the bonds.

11 SECTION 15. Be it further enacted by the County Council of Harford County, Maryland
12 that immediately after the sale of the bonds, and upon written recommendation of the County
13 Executive the interest rate or rates payable thereon shall be fixed by a resolution of the County
14 Council of Harford County, Maryland in accordance with the terms and conditions of the sale of the
15 bonds. The bonds shall thereupon be suitably printed or engraved and duly executed and delivered
16 to the purchaser (or to The Depository Trust Company if the bonds are book entry) in accordance
17 with the conditions of delivery set forth in the foregoing Notice of Sale. The proceeds of the sale of
18 the bonds, including any premium and accrued interest received therefor, shall be paid to the
19 Department of the Treasury of Harford County and shall be deposited in a special account of Harford
20 County, Maryland. The County may, at its option, deduct from the gross proceeds received from the
21 sale of the bonds the cost of issuing the same, including the cost of advertising, printing and
22 professional fees (including legal) and expenses. There shall be deducted from the total gross
23 proceeds received from the sale of the bonds the amount received on account of accrued interest on

1 the bonds, which amount shall be set apart by the Treasurer of Harford County in a special fund and
2 applied to the first maturing interest payments on the bonds. The balance of the proceeds of the sale
3 of the bonds shall be expended only to finance the Projects as set forth in this Ordinance and as more
4 particularly described in the Annual Budget and Appropriation Ordinance of Harford County,
5 Maryland, as amended, for the year ending June 30, 2004. If the funds derived from the sale of the
6 bonds shall exceed the amount needed to finance said Projects, the excess funds so borrowed and not
7 expended by the County shall be applied by the County in payment of the next principal maturity of
8 the bonds so issued, unless the County Council of Harford County, Maryland shall adopt a resolution
9 or ordinance allocating said excess funds to finance any lawful modification of such Projects, or to
10 the extent then permitted by law, any other project lawfully undertaken by the County as may be
11 provided by subsequent resolution or ordinance approved by the County Council of Harford County,
12 Maryland.

13 SECTION 16. Be it further enacted by the County Council of Harford County, Maryland
14 that in the event the fees and charges described in Section 6 are insufficient to pay the principal of
15 and/or interest on the bonds or other indebtedness in any year(s), for the purpose of paying the
16 interest on, premium (if any) and principal of the bonds or other indebtedness authorized by this
17 Ordinance, there is hereby levied and there shall hereafter be levied in each fiscal year that any of the
18 bonds or other indebtedness are outstanding, *ad valorem* taxes on real and tangible personal property
19 and intangible property subject to taxation by the County without limitation on rate or amount; and,
20 in addition, upon such other intangible property as may be subject to taxation by the County within
21 limitations prescribed by law, in an amount sufficient together with funds available from other
22 sources, to pay the annual interest on the outstanding bonds or other indebtedness and to redeem the
23 bonds or other indebtedness maturing during the succeeding year; and the full faith and credit and

1 the unlimited taxing power of the County are hereby irrevocably pledged to the punctual payment of
2 the principal of and interest on the bonds or other indebtedness as and when they mature. The
3 County, by the passage of this Bill, hereby covenants and agrees properly and promptly to perform
4 all of the respective acts and duties defined in this Bill for the levy and collection of the aforesaid *ad*
5 *valorem* tax upon all the assessable property within the corporate limits of the County, as the levy
6 and collection of such a tax becomes necessary in order to meet the debt service requirements of
7 Harford County Water and Sewer Bonds of 2003. By this Bill, the County agrees to take all action it
8 may be legally authorized and empowered to take in order to enforce, in any year in which any of the
9 bonds or other indebtedness are outstanding, the guarantee of such bonds or other indebtedness by
10 the County.

11 SECTION 17. Be it further enacted by the County Council of Harford County, Maryland
12 that as a part or all of the aggregate indebtedness authorized by this Bill, upon written
13 recommendation of the County Executive and adoption of the Administrative Resolution (as defined
14 in Section 17B of this Ordinance) the County shall borrow upon its full faith and credit and
15 unlimited taxing power of the County, and shall issue and sell upon its full faith and credit and
16 the unlimited taxing power of the County, a bond as a single, fully-registered bond in the maximum
17 principal amount not to exceed Two Million Five Hundred Fifty Five Thousand Dollars (\$2,555,000)
18 pursuant to the authority of the Charter, Article 25A of the Annotated Code of Maryland, and the
19 Water Quality Act for the upgrade, expansion and improvement of all or part of the sewer or waste
20 water facility Projects (the "Facility"). The sale of the bond shall be conducted as more fully
21 described in this Section 17 of this Ordinance and the aggregate amount of bonds otherwise
22 authorized by this Ordinance shall be reduced by the amount of the bond sold pursuant to the Water
23 Quality Act. The

1 County, as a body politic and corporate and a political subdivision of the State of Maryland, hereby
2 determines to borrow money and incur indebtedness for the public purpose of financing the costs of
3 the acquisition and development of the Facility which shall include: (i) actual and estimated costs of
4 the issuance of the bond, (ii) engineering expenses, (iii) inspection expenses, (iv) fiscal expenses, (v)
5 legal expenses; and (vi) interest estimated to accrue during the construction and for 24 months on
6 money borrowed or expected to be borrowed. The development costs shall be more fully described
7 in the Administrative Resolution (as defined in Section 17B of this Ordinance). It is the intent of the
8 County Council of Harford County, Maryland that the costs of the Facility be financed with the
9 proceeds from the sale of the bond and that the County also be reimbursed out of such bond proceeds
10 for all costs of acquisition incurred by the County; provided, however, that such expenses have been
11 incurred by the County not more than one (1) year prior to the issuance of the bond:

12 A. The Facility shall constitute a "wastewater facility" within the meaning of Section
13 9-1601(n) of the Water Quality Act.

14 B. Such borrowing and indebtedness of the County shall be made and incurred
15 pursuant to Section 9-1606 and Section 9-1615(b) of the Water Quality Act and in accordance with
16 the provisions of a Loan Agreement between the County, as Borrower, and the Administration. The
17 Loan Agreement shall be substantially in such form as is approved by a resolution supplemental to
18 this Ordinance and passed subsequent to the enactment of this Ordinance (the "Administrative
19 Resolution") which Administrative Resolution shall set forth the details of the bond and the terms of
20 the loan, in such manner as shall not be inconsistent with the provisions and requirements of this
21 Ordinance. The Loan Agreement (the form of which shall be attached to the Administrative
22 Resolution and approved therein) shall contain in its final form such insertions, omissions,
23 variations, or changes (collectively "changes") as may be deemed necessary or appropriate and

1 which shall be acceptable to the County Executive, and the County Executive is hereby authorized,
2 and shall be authorized by the Administrative Resolution, to make such changes in the Loan
3 Agreement as he may deem appropriate.

4 C. To evidence the payment of obligations of the County under the Loan Agreement,
5 the County shall issue and sell, upon its full faith and credit and unlimited taxing power of the
6 County, the bond, as a general obligation installment bond in the maximum amount not to exceed
7 Two Million Five Hundred Fifty Five Thousand Dollars (\$2,555,000) which bond shall be known as
8 "Harford County, Maryland Water Quality Bond, Series 2003".

9 The proceeds from the sale of the bond shall be generally used for the purposes set
10 forth in this Section 17 of this Ordinance as more fully described in the project description as set
11 forth and approved by the Administrative Resolution. The bond shall be issued as a single fully-
12 registered bond in the maximum amount not to exceed Two Million Five Hundred Fifty Five
13 Thousand Dollars (\$2,555,000), payable to the registered owner thereof. The bond shall be dated as
14 of the date of delivery to the purchaser; shall be numbered R-1; shall be registered in the name of the
15 Administration or its designee; shall be payable in such principal installments and shall bear interest
16 at such rate as shall appear on the final executed bond. The maturity of the bond and the date of final
17 maturity shall appear in the executed bond. In no event shall the final date of maturity of the bond
18 exceed thirty (30) years from the date of issuance of the bond. The interest rate upon the bond shall
19 be determined by the Administration as a percentage of the true interest cost (TIC) of the

20 Administration's Revolving Loan Fund Revenue Bonds, Series ____ (whichever is
21 applicable) (the "Administration's Revenue Bonds").

22 The principal installments payable on the bond and the rate of interest to be borne by
23 the bond (or the manner of determining the principal payments and rate of interest) shall be

1 established by the Administrative Resolution. Such determination of the principal and interest on the
2 bond shall be in accordance with the terms and conditions of the Loan Agreement. The rate of
3 interest approved by the Administrative Resolution shall in no event exceed the maximum rate
4 permitted by law and such interest rate shall appear in the executed bond.

5 The form of the bond, together with the statement of principal installments (annual or
6 semi-annual as shall be finally approved by the County Executive pursuant to Section 17 of this
7 Ordinance) and such installments of interest as therein set forth, and all of the covenants and
8 conditions as shall be contained in the bond, shall be adopted by the County Council of Harford
9 County, Maryland pursuant to the Administrative Resolution and such covenants and conditions
10 shall be made binding upon the County, including the promise to pay therein contained. Execution
11 of the bond by the County Executive shall constitute conclusive evidence of such approval.

12 D. The County will also execute and deliver in connection with the issuance of the
13 bond, additional documents (the "Water Quality Documents") including, but not limited to, the Loan
14 Agreement, and such other documents, agreements, instruments and certificates as the County
15 Executive, upon advice of legal counsel, shall deem necessary for the financing of the acquisition of
16 the Facility. Because this Ordinance is being adopted before all of the details of the sale of the bond
17 and the issuance and sale of the Administration's Revenue Bonds have been finalized, the County
18 Executive, pursuant to the powers reserved unto him under this Section 17 and as set forth in the
19 Administrative Resolution, is hereby authorized to make such changes to the form of the bond and
20 the Documents, including insertions therein or additions or deletions thereto, as he may deem
21 necessary to conform the terms of the bond and the Water Quality Documents to the terms of the

1 financing to be provided to the County by the Administration; provided, however, that such changes,
2 additions or deletions are not in substance inconsistent with or contrary to the requirements set forth
3 in this Ordinance or in the Administrative Resolution.

4 E. The Loan Agreement and the bond shall be executed on behalf of and in the name
5 of the County by the County Executive, such execution to be made by the manual or facsimile
6 signature of the County Executive. The corporate seal of the County shall be affixed to the Loan
7 Agreement and to the bond, and each shall be attested by the signature of the Director of
8 Administration. If any officer whose signature shall appear on the bond or the Water Quality
9 Documents shall cease to be such officer before the delivery of the bond or the Water Quality
10 Documents, such signature shall nevertheless be valid and sufficient for all purposes, the same as if
11 he had remained in office until such delivery. The County Executive is hereby authorized,
12 empowered and directed to complete the applicable forms of the bond and the Water Quality
13 Documents as such forms may be approved by the County Council of Harford County, Maryland
14 through the Administrative Resolution and the County Executive shall make corrections or changes
15 thereto in any manner which the County Executive, in his discretion, shall deem necessary to
16 complete the issuance and sale of the bond and the execution and delivery of the Water Quality
17 Documents, all as may promote the objectives of the County as set forth in this Ordinance. The
18 Loan Agreement and the bond, as executed by the County Executive, shall be valid and legally
19 binding obligations of the County in accordance with their terms.

20 F. Notwithstanding any section of the Charter or of Article 25A of the Annotated
21 Code of Maryland, and as authorized by Section 9-1606 of the Water Quality Act, the bond may be
22 sold at private sale to the Administration, public advertisement and sale of the bond not being
23 required by the terms of the Water Quality Act, and such private sale is determined to be in the best

1 interests of the County. The details of the sale of the bond shall be determined in accordance with
2 the Administrative Resolution. The bond shall be sold for cash at not less than par in accordance
3 with the terms and provisions of this Ordinance and the Administrative Resolution. The County
4 Executive, in his discretion, is expressly authorized and empowered to take any and all action
5 necessary to complete and close the award, sale and delivery of the Bond to the Administration
6 including, without limitation, making such changes or modifications in the form of the bond and
7 adopted therein as he may deem to be necessary or appropriate to comply with Administration
8 practices and policies applicable from time to time; provided, however, that such actions taken by the
9 County Executive shall not be in substance inconsistent with or contrary to the provisions of this
10 Ordinance or the Administrative Resolution.

11 G. The proceeds of sale of the bond shall be held, invested and administered by the
12 Administration pursuant to the Loan Agreement and shall be used, when and as required, to be
13 applied from time to time as and when received by the County to finance costs of the Facility in
14 compliance with the provisions of the Loan Agreement, the Charter, the Harford County Code (the
15 "Code") and the Water Quality Act. Any balance of the proceeds of the Loan remaining subsequent
16 to payment in full of all the costs of the Facility may be applied to reduce the principal of the Loan in
17 accordance with the terms of the Loan Agreement.

18 H. For the purpose of paying the maturing principal of and interest on the bond when
19 due, the County has established or shall establish a dedicated source of revenues as shall be
20 described in the Loan Agreement. In the event such revenues are insufficient to meet the debt
21 service requirements in any fiscal year in which the bond is outstanding, the County shall levy in
22 such fiscal year upon all real and tangible personal property within its jurisdictional limits subject to
23 assessment for unlimited County taxation *ad valorem* taxes in rate and amount sufficient to provide

1 for the prompt payment of such principal and interest on the bond in such fiscal year, and, if the
2 proceeds from the collection of taxes so levied in any such fiscal year are inadequate for such
3 payment, additional taxes shall be levied in the succeeding fiscal year to make up such deficiency.
4 The full faith and credit and unlimited taxing power of the County are hereby irrevocably pledged to
5 the payment of the principal of and interest on the bond as and when they become due and payable
6 and to the levy and collection of the taxes hereinabove described as and when such taxes may
7 become necessary in order to provide sufficient funds to meet the debt service requirements of the
8 bond. The County hereby covenants and agrees with the registered owner of the bond to levy and
9 collect the taxes hereinabove described and to take any action that may be appropriate from time to
10 time during the period that the bond remains outstanding and unpaid to provide the funds necessary
11 to pay promptly the principal and interest due thereon.

12 I. The Bond is being issued in connection with the Administration's Maryland Water
13 Quality Revolving Loan Fund Program (the "Program") and will evidence the County's obligation to
14 repay the Loan advanced from the proceeds of the sale of the Administration's Revenue Bonds. The
15 Loan Agreement limits the ability of the County to prepay the bond in accordance with restrictions
16 upon the ability of the Administration to redeem the Administration's Revenue Bonds. Accordingly,
17 the County may prepay the bond only in accordance with the provisions of the Loan Agreement and
18 the terms governing prepayment as set forth in the bond.

19 J. The County Executive shall be the certifying official for the County responsible for
20 the execution and delivery on the date of the issuance of the bond of a tax and arbitrage certificate of
21 the County that complies with the requirements of Section 148 of the Internal Revenue Code of
22 1986, as amended, and the applicable regulations thereunder. The County Executive is hereby
23 authorized and directed to execute and deliver the tax and arbitrage certificate to counsel rendering

1 an opinion on the excludability from gross income of interest on the bond for purposes of federal
2 income taxation on the date of the issuance of the bond. The tax and arbitrage certificate shall set
3 out the reasonable expectations of the County as to relevant facts, estimates and circumstances
4 relating to the use of the proceeds of the bond or of any moneys, securities or other obligations to the
5 credit of any account of the County which may be deemed to be bond proceeds under Section 148 or
6 the arbitrage regulations. The County covenants with the owner of the bond that the facts, estimates
7 and circumstances set forth in the tax and arbitrage certificate will be based on the County's
8 reasonable expectations on the date of the issuance of the bond and will be, to the best of the
9 certifying officials' knowledge, true, correct and complete as of that date.

10 K. The County covenants and agrees with the registered owner of the bond that it
11 will not make, or (to the extent that it exercises control or direction) permit to be made, any use of
12 the bond proceeds that would cause the bond to be an "arbitrage bond" within the meaning of Section
13 148 and the arbitrage regulations. The County further covenants that it will comply with Section 148
14 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder which are
15 applicable to the bond on the date of issuance of the bond and which may subsequently lawfully be
16 made applicable to the bond. The County further covenants that it shall make such use of the
17 proceeds of the bond, to the extent possible regulate the investment of the proceeds thereof, and take
18 such other and further actions as may be required to maintain the excludability from gross income,
19 for federal income tax purposes, of interest on the bond. All officers, employees and agents of the
20 County are hereby authorized and directed to take such actions, and to provide such certificates of
21 facts and estimates regarding the amount and use of the proceeds of the bond, as may be necessary or
22 appropriate from time to time to comply with, or to evidence the County's compliance with, the
23 covenants set forth in this Section.

1 L. The principal amount of the bond to be sold to the Administration pursuant to the
2 Water Quality Act shall be determined in a resolution adopted by the County Council of Harford
3 County, Maryland upon written recommendation of the County Executive and shall constitute a
4 portion of the Two Million Five Hundred Fifty Five Thousand Dollars (\$2,555,000) principal
5 amount of bonds and indebtedness authorized to be incurred pursuant to this Ordinance. In no event
6 may the aggregate indebtedness incurred by the County pursuant to this Ordinance exceed Two
7 Million Five Hundred Fifty Five Thousand Dollars (\$2,555,000).

8 SECTION 18. Be it further enacted by the County Council of Harford County, Maryland
9 that Harford County, Maryland is hereby authorized and empowered from time to time to issue its
10 Bond Anticipation Note or Notes (or other form of indebtedness) on the full faith and credit and
11 unlimited taxing power of the County in an amount not exceeding Two Million Five Hundred Fifty
12 Five Thousand Dollars (\$2,555,000), the net proceeds of such sale to be used to finance part or all of
13 the cost of the Projects; the sale of such Notes to be upon such terms as may be directed by
14 resolution of the County Council of Harford County, Maryland.

15 Such Bond Anticipation Note or Notes or other evidence of indebtedness shall provide that
16 not in excess of twelve (12) months interest from the date of issue shall be paid from the proceeds of
17 bonds issued to retire the indebtedness incurred pursuant to the Bond Anticipation Note.

18 The Treasurer of Harford County, Maryland, prior to the issuance of any such Bond
19 Anticipation Note or Notes or other evidence of indebtedness of the County shall present the terms
20 of such notes to the County Council of Harford County, Maryland for approval by Resolution of the
21 County Council of Harford County, Maryland prior to the issuance of such Bond Anticipation Note
22 or Notes.

1 The Bond Anticipation Note or Notes will bear interest at the rate or rates so negotiated by
2 the Treasurer and approved by Resolution of the County Council of Harford County, Maryland and
3 the Bond Anticipation Note or Notes when issued shall be issued in the name of Harford County by
4 the signature of the County Executive, the corporate seal of the County shall be imprinted on such
5 Bond Anticipation Note or Notes and such Bond Anticipation Note or Notes shall be used only for
6 those purposes approved in a Resolution of the County Council of Harford County, Maryland
7 adopted subsequent to the adoption of this Ordinance.

8 The Bond Anticipation Note or Notes shall not be issued in an amount greater than the
9 amount of bonds or other indebtedness authorized in anticipation of the sale of which the Bond
10 Anticipation Note or Notes are issued and sold.

11 The principal of and interest on the Bond Anticipation Note or Notes shall be payable out of
12 the first proceeds of sale of the bonds, or from the tax or other revenue which the County shall
13 previously determine to apply to the payment of the bonds and interest thereon.

14 Twelve (12) months interest on the Bond Anticipation Note or Notes or any renewal thereof
15 may be paid from the proceeds of sale of the bonds accounting from the initial date of issue thereof.

16 By resolution adopted by the County Council of Harford County, Maryland, the County may
17 provide for the renewal of the Bond Anticipation Note or Notes at maturity with or without resale.

18 Immediately after the sale of the Bond Anticipation Note or Notes and approval by resolution
19 of the County Council of Harford County, Maryland, the proceeds of sale of such Bond Anticipation
20 Note or Notes, after payment of expenses of issuing the same, shall be paid to the Department of the
21 Treasury of Harford County, Maryland. The proceeds of sale of the Bond Anticipation Note or
22 Notes shall be expended only to finance the Projects as defined above.

1 SECTION 19. Be it further enacted by the County Council of Harford County, Maryland that
2 pursuant to Treasury Regulations 1.150-2, governing the use of bond proceeds for the purpose of
3 reimbursing expenditures paid prior to the issuance of bonds, and as permitted by Treasury
4 Regulations 1.150-2(e)(1), the Treasurer of Harford County, Maryland is hereby duly designated to
5 make declarations of Official Intent on behalf of the County. The County expects that all or a part of
6 the capital expenditures for the Projects will be paid prior to the issuance of the Bonds, and that the
7 proceeds of the Bonds will be used to reimburse the County for capital expenditures paid prior to the
8 issuance of the Bonds. The County reasonably expects to reimburse a portion of the capital
9 expenditures for the Projects with proceeds of the Bonds, in the maximum principal amount of
10 \$1,500,000, and this Ordinance and shall be available for public inspection at the offices of the
11 County during regular business hours and in accordance with the laws of the State of Maryland and
12 Harford County, regarding access to public records.

13 SECTION 20. Be it further enacted by the County Council of Harford County, Maryland
14 that the County covenants and agrees with the registered owners, from time to time, of the Bonds as
15 follows:

16 (a) The County covenants that it will not make any use of the proceeds of any of the
17 Bonds or any moneys, securities or other obligations on deposit to the credit of the County or
18 otherwise which may be deemed by the Internal Revenue Service to be proceeds of any of the Bonds
19 pursuant to the Internal Revenue Code of 1986, as amended, and Income Tax Regulations thereunder
20 (collectively, the "Code"), which would cause any of the Bonds to be "arbitrage bonds" or "private
21 activity bonds" within the meaning of the Code.

22 (b) The County further covenants that it will comply with those provisions of the
23 Code which are applicable to the Bonds on the date of issuance of the Bonds and which may

1 subsequently lawfully be made applicable to the Bonds. To the extent that provisions of the Code
2 apply to only a portion of the Bonds, proceeds of the Bonds or other moneys, securities or other
3 obligations deemed to be proceeds, it is intended that the covenants of the County contained in this
4 Section 20 be construed so as to require the County to comply with the provisions of the Code only
5 to the extent of such applicability.

6 (c) The County further covenants that it will not (i) take any action, (ii) fail to take
7 any action, or (iii) make any use of the proceeds of any of the Bonds which would cause the interest
8 on any of the Bonds to be or become subject to federal income taxes in the hands of the registered
9 holders of any of the Bonds.

10 (d) The County further covenants, in order to assist bidders in complying with SEC
11 Rule 15c2-12(b)(5), pursuant to a continuing disclosure agreement (the "Continuing Disclosure
12 Agreement") signed by the County Executive, Treasurer and Director of Administration, to provide
13 annual reports and notices of certain events. The undertaking of the County in the Continuing
14 Disclosure Agreement shall be described in any Preliminary Official Statement and Official
15 Statement and any amendment or supplement thereto.

16 SECTION 21. Be it further enacted by the County Council of Harford County, Maryland
17 that upon recommendation of the County Executive, the County Council of Harford County,
18 Maryland may adopt a resolution pursuant to Article 31, Section 2C of the Annotated Code of
19 Maryland (2001 Replacement Volume, 2002 Supplement), authorizing the loan authorized to be
20 incurred and the bonds authorized to be sold by this Ordinance, to be consolidated for sale and
21 issued, sold and delivered as a single issue of bonds with other bonds authorized to be sold to finance

1 capital projects described in the Annual Budget and Appropriation Ordinances, as amended, or
2 described in the Annual Budget and Appropriations Ordinances adopted by the County Council of
3 Harford County, Maryland for the current fiscal year and/or prior or subsequent fiscal years.

4 SECTION 22. Be it further enacted by the County Council of Harford County, Maryland
5 that the provisions of this Ordinance are severable, and if any provision, sentence, clause, section or
6 part hereof is held illegal, invalid or unconstitutional or inapplicable to any person or circumstances,
7 such illegality, invalidity or unconstitutionality, or inapplicability shall not affect or impair any of
8 the remaining provisions, sentences, clauses, sections or parts of this Ordinance or their application
9 to other persons or circumstances. It is hereby declared to be the legislative intent that this
10 Ordinance would have been passed if such illegal, invalid or unconstitutional provision, sentence,
11 clause, section or part had not been included herein, as if the person or circumstances to which this
12 Ordinance or any part hereof are inapplicable had been specifically exempted therefrom.

13 SECTION 23. And be it further enacted by the County Council of Harford County,
14 Maryland that this Ordinance shall take effect sixty (60) calendar days from the date it became law.

EFFECTIVE: July 29, 2003

*The Acting Council Administrator does hereby certify
that fifteen (15) copies of this Bill are immediately available for
distribution to the public and the press*

Mary Kate Herbig

Acting Council Administrator

HARFORD COUNTY BILL NO. 03-21

Brief Title Water and Sewer Bonds

is herewith submitted to the County Council of Harford County for enrollment as being the text as finally passed.

CERTIFIED TRUE AND CORRECT

Mary Kate Herbig
Acting Administrator

Date May 29, 2003

ENROLLED

Robert S. Wagner
Council President

Date May 28 03

BY THE COUNCIL

Read the third time.

Passed: LSD 03-15

Failed of Passage: _____

By Order

Mary Kate Herbig
Acting Council Administrator

Sealed with the County Seal and presented to the County Executive for approval this 29th day of May, 2003 at 3:00p.m.



Mary Kate Herbig
Acting Council Administrator

BY THE EXECUTIVE

James M. Harbison
COUNTY EXECUTIVE
APPROVED: Date 5-30-03

BY THE COUNCIL

This Bill (No.03-21), having been approved by the Executive and returned to the Council, becomes law on May 30, 2003.

EFFECTIVE DATE: July 29, 2003

Mary Kate Herbig
Acting Council Administrator